

**ALASKA STATE LEGISLATURE
HOUSE STATE AFFAIRS STANDING COMMITTEE**

March 30, 2021

3:04 p.m.

DRAFT

MEMBERS PRESENT

Representative Jonathan Kreiss-Tomkins, Chair
Representative Matt Claman, Vice Chair
Representative Geran Tarr
Representative Andi Story
Representative Sarah Vance
Representative James Kaufman
Representative David Eastman

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 137

"An Act requiring the Department of Administration to maintain and operate certain offices that provide services related to motor vehicles; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 63

"An Act relating to the duties of the Department of Transportation and Public Facilities; renaming the Alaska Marine Transportation Advisory Board the Alaska Marine Highway Operations Board; relating to the membership and duties of the Alaska Marine Highway Operations Board; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 137

SHORT TITLE: MOTOR VEHICLE OFFICES

SPONSOR(S): REPRESENTATIVE(S) FIELDS

03/17/21

(H)

READ THE FIRST TIME - REFERRALS

03/17/21 (H) STA, CRA
03/30/21 (H) STA AT 3:00 PM GRUENBERG 120

BILL: HB 63

SHORT TITLE: ALASKA MARINE HIGHWAY OPERATIONS BOARD

SPONSOR(s): REPRESENTATIVE(s) STUTES

02/18/21 (H) PREFILE RELEASED 1/15/21
02/18/21 (H) READ THE FIRST TIME - REFERRALS
02/18/21 (H) TRA, STA
03/11/21 (H) TRA AT 1:30 PM BARNES 124
03/11/21 (H) Heard & Held
03/11/21 (H) MINUTE(TRA)
03/18/21 (H) TRA AT 1:30 PM BARNES 124
03/18/21 (H) Moved CSHB 63(TRA) Out of Committee
03/18/21 (H) MINUTE(TRA)
03/20/21 (H) TRA RPT CS(TRA) NT 4DP 2NR
03/20/21 (H) DP: DRUMMOND, HANNAN, SPOHNHOLZ,
HOPKINS
03/20/21 (H) NR: MCCABE, CRONK
03/30/21 (H) STA AT 3:00 PM GRUENBERG 120

WITNESS REGISTER

TRISTAN WALSH, Staff
Representative Zack Fields
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Addressed the changes in the CS for HB 137.

REPRESENTATIVE ZACK FIELDS
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced CSHB 137(STA) as prime sponsor, and provided a PowerPoint presentation, titled "HB 137."

PETER ZUYUS, President/Executive Director
Seniors of Alaska
Homer, Alaska

POSITION STATEMENT: Provided invited testimony on HB 137.

KERRY CROCKER, Staff
Representative Louise Stutes
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Introduced CSHB 63(TRA) with a PowerPoint presentation, titled "HB 63," on behalf of Representative Stutes, prime sponsor.

ACTION NARRATIVE

[3:04:00 PM](#)

CHAIR JONATHAN KREISS-TOMKINS called the House State Affairs Standing Committee meeting to order at 3:04 p.m. Representatives Vance, Story, Claman, and Kreiss-Tomkins were present at the call to order. Representatives Kaufman, Eastman, and Tarr arrived as the meeting was in progress.

HB 137-MOTOR VEHICLE OFFICES

[3:05:13 PM](#)

CHAIR KREISS-TOMKINS announced that the first order of business would be HOUSE BILL NO. 137, "An Act requiring the Department of Administration to maintain and operate certain offices that provide services related to motor vehicles; and providing for an effective date."

[3:05:31 PM](#)

REPRESENTATIVE CLAMAN moved to adopt the proposed committee substitute (CS) for HB 137, labeled 32-LS0650\B, Bullard/Dunmire, 3/29/21, as the working document.

CHAIR KREISS-TOMKINS objected for the purpose of discussion. He asked how the CS differs from the original version of the bill.

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TRISTAN WALSH, Staff, Representative Zack Fields, Alaska State Legislature, stated that the CS, Version B, corrects an inadvertent drafting error, which would preclude public partnerships that may exist in the future.

CHAIR KREISS-TOMKINS removed his objection to the adoption of Version B. Without further objection, CSHB 137, Version 32-LS0650\B, Bullard/Dunmire, 3/29/21, was adopted as the working document.

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REPRESENTATIVE ZACK FIELDS, Alaska State Legislature, prime sponsor, explained that the bill keeps existing Division of Motor Vehicle (DMV) offices open throughout the state. He noted that the Department of Administration (DOA) proposed closing DMV offices in six communities, which would result in Alaskans either taking long trips or paying more to access essential services. He said HB 137 is written to keep DMV offices open in communities with a population of 860 persons or more, [including the six proposed location closures: Tok, Haines, Valdez, Eagle River, Homer, and Delta Junction].

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REPRESENTATIVE FIELDS provided a PowerPoint presentation, titled "HB 137." He began on slide 3, titled "DMV: Critical Public Service," which read as follows [original punctuation provided]:

- Per the US Census, 68% of Alaskans drove alone to work in 2017.
- Per the same data, 83-85% of commuters use personal vehicles in the Mat-Su borough.
- In Fairbanks, this rises to 90% of commuters.
- DMV services are critical to safe passage of commuter and commercial traffic.
- Trucking amounts to 70% of the commercial freight delivery of goods in the United States.

REPRESENTATIVE FIELDS continued to slide 4, titled "Commercial Traffic: arteries of local economies," which indicated that in 2017, DMVs helped ensure safe passage of approximately \$9.5 billion worth of commercial goods via commercial trucks in Alaska. Additionally, entry into the state is key for commercial freight on Al-Can Highway.

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REPRESENTATIVE FIELDS progressed to slide 5, titled "What does the DMV do?" The slide read as follows [original punctuation provided]:

- The DMV conducts many services that are important to residents [sic] daily lives.
- Many services must be conducted in person. Many are statutory.

- Private operators are not required to, and cannot conduct, all the services the DMV offers, and requires for various residents.
- Private operators first responsibility is to shareholders or owners, not to public.

REPRESENTATIVE FIELDS noted that while some functions can be outsourced at a higher price, other functions cannot be offered through private facilities. He said it's not his intention to restrict entrepreneurs from opening private facilities that offer some DMV services; however, he reiterated that there are certain services that only the DMV offers. He pointed out that DMVs do not cost money to the state of Alaska, as the offices recoup the costs in fees. He emphasized the efficiency of the DMV fee structure.

REPRESENTATIVE FIELDS advanced to slide 6, titled "Few alternatives," which read as follows [original punctuation provided]:

- Average drive to other DMVS:
- TOK-DJ: 1 hr 41 min each way. (214 miles)
- DJ-Fbnks: 1 hr 40 min each way. (190 miles)
- Tok-Glennallen: 2 hr 40 min each way. (240 miles)
- Haines-Juneau: 4 hr ferry ride each way. (185 miles)
- Homer-Soldotna: 1.5 hr each way. (149.6 [miles])

REPRESENTATIVE FIELDS questioned why a service funded by fees would be shutdown, which would consequently inconvenience Alaskans and prohibit commerce. He proceeded to images of Thompson Pass on slide 7 and images of Delta Junction and the Swan Lake fire on slide 8, indicating that roads in Alaska are unpredictable due to weather, avalanches, flooding, and fire.

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REPRESENTATIVE FIELDS continued to slide 9, titled "Internet options aren't available for everyone," which read as follows [original punctuation provided]:

- Internet options aren't available for all services, including REAL ID, drivers knowledge test, vision test, CDL services.
- Even in communities on the road system, average cost of internet can be prohibitively expensive. Service is not necessarily guaranteed. Internet options can also

be difficult for Seniors: an estimated 105,000 Alaskans over the age of 60 are still driving.

- AK DMV is required to provide certain services in person. Original license, 2nd license renewal, and Sr Citizen Driver License Renewal.

- Knowledge testing, Drivers License reinstatement are not able to be done online.

- Eastern Interior Alaska: 25.1% households do not have internet.

- Eastern Southcentral Alaska: 18% of households do not have internet.

- In the Southern Kenai Peninsula, 18% of households do not have internet.

- In Haines, 14% of households do not have internet.

- Up to 30% of Seniors do not have internet access.

REPRESENTATIVE FIELDS said the administration had suggested that people go to doctors for vision tests instead of the DMV. He deferred to Mr. Walsh for an explanation of why that is not a viable alternative.

MR. WALSH explained that doctors are not a viable alternative because vision tests, especially for those over age 69, are not easily available on a senior's insurance plan. He noted that after the presentation, an "expert witness" would speak to the challenges that some seniors face.

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REPRESENTATIVE FIELDS resumed the presentation on slide 10, titled "Increased Costs: public pays more for same service." He acknowledged that some functions can be accomplished through private vendors albeit at a much higher price. He stated that he has no issue with private vendors complementing DMVs, but not replacing them. He progressed to slide 11, titled "The DMV pays for itself," which read as follows [original punctuation provided]:

- The DMV is a division in the State that pays for itself.

- Each of the six proposed location closures was revenue positive for the state; last year and the previous 5 years.

- Closing or privatizing them only serves to pass increased costs and fewer services to residents.

-There is no corresponding increase in service; only cost.

REPRESENTATIVE FIELDS added that he didn't accept the premise that a rural DMV office should be shut down because it didn't pay for itself. Nonetheless, he pointed out that [each of the six proposed location closures] were revenue positive.

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REPRESENTATIVE FIELDS advanced to slide 12, titled "Shifting cost burdens deepen divides," which read as follows [original punctuation provided]:

-Rural Alaska faces higher costs in healthcare, gasoline, & fewer options for utilities such as Internet.

-Driving 100+ miles (each way) for service is an additional tax.

-Private DMV partners have no regulations or controls over pricing for mandatory services. The Department has method to control costs, fees, or additional charges.

-For communities where a private partner were to be the only option, residents must either pay up front or through additional costs such as driving 70-100 miles for key services.

-Internet is not always an option for everyone or every service.

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REPRESENTATIVE FIELDS continued to slide 14, titled "Seniors or Alaska," which read as follows [original punctuation provided]:

"In our poll, Seniors of Alaska found overwhelming support amongst our members to support HB 137 and retain affordable, safe options for Seniors in their local communities. 96.5% overall favored keeping their local DMV, and some locales had 100% of members supported this critical public service for seniors."

-Seniors of Alaska

REPRESENTATIVE FIELDS acknowledged the importance of keeping senior citizens connected to family members, loved ones, and friends. He added that in Alaska, staying connected in most

communities is contingent on the ability to drive. He conveyed that in addition to economic considerations, [driving] is important to people's mental health and the ability to maintain social connections.

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CHAIR KREISS-TOMKINS opened invited testimony.

[3:19:23 PM](#)

PETER ZUYUS, President/Executive Director, Seniors of Alaska, expressed support for HB 137. He recalled that DOA was proposing to close six DMV offices in communities across rural Alaska, which would have left them without a DMV or only a private DMV that would charge higher, arbitrary fees. He shared his understanding that HB 137 would recognize the needs of rural communities and their reliance on the state DMV. He said the DMV is an integral part of many rural communities, adding that office closures would limit access to essential services for Alaska's senior, disabled, rural, lower-income, and Native residents. Furthermore, he opined that the private partnerships' convenience fee structure presents an "economic and discriminatory hardship" on seniors and other community members. He offered the example of seniors in Valdez who would have been forced to pay at least twice as much for mandated state services as seniors in other areas of the state. He recalled that the idea [to close six DMV offices] was unanimously rejected by the House Finance Subcommittee; however, he expressed concern that DOA would continue with its proposal regardless of the legislature's intent. He said HB 37 would address that issue by affording protections to DMV offices in rural communities. He reiterated that closing the only DMV office communities would force residents to drive hundreds of miles to obtain essential services; further, residents would be at the mercy of unregulated convenience fees. He maintained that DMV closures would subject senior citizens to a number of negative impacts and discriminatory practices, including unnecessary travel. He urged the legislature to "vote yes" on HB 137 to protect Alaska's seniors and rural communities from "unfiltered, discriminatory, or cold data-point driven actions."

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CHAIR KREISS-TOMKINS invited questions from the committee.

[3:28:04 PM](#)

REPRESENTATIVE EASTMAN asked how the bill sponsor decided upon the number 850 for the population threshold.

REPRESENTATIVE FIELDS explained that [the legislature] is prohibited from doing local and specific legislation. Therefore, he stated his belief that establishing a reasonable and consistent statewide population threshold was necessary to determine which communities should have basic services, such as a DMV office. He said he considered where DMVs have operated historically, where they seem to have broad support, and where there is a need. He also contemplated community size and the state's population distribution. He stated that 850 is a best guess for a "fairly large" rural community in Alaska. Additionally, a threshold of 850 has the effect of protecting all existing DMVs.

REPRESENTATIVE EASTMAN pointed out that there are a number of communities in his district [District 10] that meet the threshold of 850; nonetheless, District 10 does not have a DMV office. He expressed concern that if the bill were to pass, his constituents would feel deprived of that opportunity.

REPRESENTATIVE FIELDS clarified that the bill does not prohibit the state from opening additional DMVs. Additionally, it does not prohibit private, complementary services from being provided. He acknowledged that as the valley grows, there could be a need to have multiple DMV offices in Wasilla and Palmer, which the bill would permit but not require.

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REPRESENTATIVE VANCE offered her understanding that as it's currently written, the bill prohibits any future contracts with private partnerships for DMV services. She asked if that is correct.

REPRESENTATIVE FIELDS stated that it doesn't prohibit future private partnerships. He clarified that the bill requires that DMV offices remain open in those communities where they already exist. He reiterated that should CSHB 137(STA) pass, it would not prohibit entrepreneurs from opening additional private services. Further, he emphasized his interest in protecting access to essential public services.

MR. WALSH added that the current language does not preclude the renewal of existing contracts; therefore, current [private] partnerships could continue to renew those contracts.

REPRESENTATIVE VANCE expressed concern that per the bill language, private sector partnerships would not be allowed. She opined that they have provided a "great" service in Alaska's communities. She asked how many private partnerships currently exist across the state.

REPRESENTATIVE FIELDS said he has heard of private partnerships in many communities. He assured Representative Vance that when submitting the drafting request to Legislative Legal Services, he clearly communicated that the purpose was to preserve existing public DMVs while continuing to allow private sector operators to exist. He stated his belief that the bill is drafted to meet that intent.

MR. WALSH in response to Representative Vance, approximated that there are currently 15 private partners in the state.

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REPRESENTATIVE VANCE shared her understanding that the bill's current language would not provide a "grandfather statute" to contracted services. She surmised that if those contracts ended, the state would be obligated to provide those services in small communities, which would create a large fiscal note. She said she is struggling to see the need for this legislation, as [the House Finance Subcommittee's] votes against closing the six DMV offices clarified the legislature's view. She opined that this legislation would limit [the legislature's] ability to assess the state's needs and provide the most efficient government.

REPRESENTATIVE FIELDS reiterated that the bill would not require the closure of any private DMVs or prohibit their renewal. He emphasized that CSHB 137(STA) would protect DMVs in communities where they already exist based on a population threshold of 850. He expressed confidence that the bill as it's currently written, meets that intent. Regarding the need for the bill, he recalled that the former commissioner [Kelly Tshibaka] said she would not be closing DMVs pending input from the legislature; however, he informed the committee of an email he received from the mayor of Homer. The email detailed the recent closure of the community's local DMV office, which illustrates that the commissioner "said one thing and did another." He opined that it's preposterous to

suggest that a community as large as Homer should not have a local DMV.

REPRESENTATIVE VANCE asked if Representative Fields had inquired as to the reason that the Homer DMV office was closed.

REPRESENTATIVE FIELDS remarked:

I think the commissioner made it pretty clear that she wanted to close down these six DMVs. She falsely stated that they cost money - they don't. They're revenue positive. And that was the Department of Administration's stated reason.

[3:37:23 PM](#)

REPRESENTATIVE CLAMAN questioned whether larger communities, such as Juneau, Anchorage, and Fairbanks, have only one DMV office.

REPRESENTATIVE FIELDS clarified that the Municipality of Anchorage has multiple [DMV offices]; however, he stated his understanding that "the core" of Anchorage, midtown, only has one DMV.

MR. WALSH said in the larger "metropolitan" areas in Alaska, there is typically one state-run DMV, as well as one or two private partners.

REPRESENTATIVE FIELDS said "community" in this bill is clearly written to differentiate the community of Eagle River from the community of Anchorage because it is important for that local community to have a DMV. He said in drafting with Legislative Legal Services, he communicated that his intent was not for DOA to construe this as an allowance for only one DMV in Anchorage. He clarified that "it's by community."

REPRESENTATIVE CLAMAN sought verification that the intent of the bill, specific to the Anchorage and Eagle River example, is that the DMV would have to keep both offices in those locations open indefinitely.

REPRESENTATIVE FIELDS confirmed.

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REPRESENTATIVE KAUFMAN referring to the date in Section 1 of the bill, questioned what would happen if an event caused [a community's] population to decline.

REPRESENTATIVE FIELDS conveyed that his intention of setting a population threshold was that in an event that caused a community's population to sharply decline, the department would have the ability to close the DMV office in that location.

REPRESENTATIVE KAUFMAN expressed his continued concern that there might be "a language trap" [in Section 1 of the bill].

REPRESENTATIVE FIELDS reiterated that his intent was to establish a population threshold rather than keep all DMV offices open based on an arbitrary point in time in 2021.

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REPRESENTATIVE EASTMAN questioned how communities without an existing DMV office currently operate.

REPRESENTATIVE FIELDS recalled that when the DMV office in Utqiagvik was closed, stakeholders and local groups tried to provide services that mirror those offered by the DMV. He reflected on the "massive inconvenience" that the DMV closure caused for that rural community, noting that the experience informed his view on this bill.

REPRESENTATIVE EASTMAN pointed out that Alaska statutes require a physical APOC office in every Senate district, which suggests that the 18 Senate districts without one are, technically, violating the law. He sought to clarify how the bill would be enforced, asking "how do you make someone not close an office?"

REPRESENTATIVE FIELDS said [the legislature] relies on commissioners following the law and if they fail to do so, the question is who has the standing to take it to court and enforce it. He offered his belief that most commissioners do their best to follow the law.

CHAIR KREISS-TOMKINS surmised that with passage of this bill, a community could bring suit over the closure of the local DMV office and have a good case. He stated that Representative Eastman's point is well taken and applies to other areas of law and policy as well.

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REPRESENTATIVE EASTMAN asked whether the sponsor is concerned that the bill could negatively impact the decision-making process of opening new DMV offices "for fear of getting locked into something forever."

REPRESENTATIVE FIELDS said he is not concerned due to the multi-year record of net positive revenue in many DMVs under different circumstances. He shared his belief that DOA could model a requisite population to support net positive DMV operations in a given community. He added that DOA could also look to the experience of DMVs that have operated in rural areas.

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REPRESENTATIVE VANCE offered clarification regarding the Homer DMV office. She said asserting that the commissioner has arbitrarily closed the office "is on shaky ground." She claimed that the [Homer] DMV employees had been out for medical reasons, adding that the Soldotna DMV was supplementing appointments to the best of its ability. She maintained that the Homer DMV office is open for business. She expressed concern that the bill would not be a "sound decision" because [the legislature] requires yearly flexibility in the budget process to assist the administration in deciding the future of DMV offices.

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REPRESENTATIVE KAUFMAN returned attention to Section 1 of the bill and asked whether it would prevent an existing DMV office from contracting out to fill a position for a short-term hire.

REPRESENTATIVE FIELDS offered to follow up with Legislative Legal Services to make sure the current language would have no unintended consequences.

REPRESENTATIVE EASTMAN related that there is money being appropriate through the budget process to maintain existing DMV offices. He pointed out that something can both cost money and be revenue positive.

REPRESENTATIVE STORY opined that when closing certain services, fairness and access should be considered. She expressed appreciation to Representative Fields for bringing the bill forward.

CHAIR KREISS-TOMKINS announced that HB 137 was held over.

HB 63-ALASKA MARINE HIGHWAY OPERATIONS BOARD

[3:50:20 PM](#)

CHAIR KREISS-TOMKINS announced that the final order of business would be HOUSE BILL NO. 63, "An Act relating to the duties of the Department of Transportation and Public Facilities; renaming the Alaska Marine Transportation Advisory Board the Alaska Marine Highway Operations Board; relating to the membership and duties of the Alaska Marine Highway Operations Board; and providing for an effective date." [Before the committee was CSHB 63(TRA).]

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The committee took an at-ease from 3:50 p.m. to 3:53 p.m.

[3:53:18 PM](#)

KERRY CROCKER, Staff, Representative Louise Stutes, Alaska State Legislature, on behalf of Representative Stutes, prime sponsor, introduced HB 63 with a PowerPoint presentation, titled "HB 63" [hard copy included in the committee packet]. He began on slide 2, titled "Background Information," which read as follows [original punctuation provided]:

AK FERRY SYSTEM ESTABLISHED

- M/V Chilkat, became operational in 1957
- 1959, Alaska becomes 49thstate making M/V Chilkat first state-owned ferry
- Alaska Legislature approved the Alaska Ferry Transportation Act, 1959
- Voters approved bond issues totally \$18 million to expand services and build four new vessels and docks
- 1963, Alaska Marine Highway established

AMHSTASKFORCE CREATED

- Governor Sheffield created AMHS Taskforce in 1984
- Focus of Taskforce was to assess AMHS structure and rates
- Conclusion of Taskforce: system was archaic with a lack of continuity or purpose
- Suggestion of Taskforce: need change in management structure

MR. CROCKER conveyed that meanwhile, while the Alaska Marine Highway System (AMHS) management structure was lacking without a proper business structure, new boats were built throughout the 1960s and 1970s, followed by several decades without the construction of new ships. This lack of planning and direction is one of the core challenges that AMHS continues to face today, as 7 out of 10 vessels are more than 40 years old, he said. He directed attention to slide 3, which depicted the "aging fleet" of ferries that are still in operation.

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MR. CROCKER continued to slide 4, titled "Management Issues Early On," which highlighted a section of a 1989 memorandum from the Department of Transportation & Public Facilities (DOT&PF) commissioner [Mark Hickey], which read as follows [original punctuation provided]:

The combination of our inability to articulate the comprehensive system plan, and the real and perceived impacts resulting from the growing budget dilemma (including the resulting impact on legislative perceptions about the System's efficiency), has served as the primary impetus for may to support the establishment of a public authority as a way to address existing problems.

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MR. CROCKER proceeded to slide 5, titled "Same Problems, Same Answers," which read as follows [original punctuation provided]:

- 1984, Alaska Marine Highway System Taskforce
- Determination: Need change in management structure to help provide business directive and success in system

- 2016, Alaska Marine Highway System Reform Initiative
- Determination: Need management to invest in long-term planning and strategy

- 2020, Alaska Marine Highway Reshaping Work Group
- Determination: Management needs to be restructured and privatization not feasible

MR. CROCKER reported that one of the recommendations from Governor Dunleavy's Alaska Marine Highway Reshaping Work Group

was to create a "Marine Operation's Board" or ferry commission. The Marine Operation's Board of directors would have the ability to suggest and assess marine business and procurement practices, enhance revenue, reduce costs, and offer experience and knowledge in marine and personnel management.

3:58:04 PM

MR. CROCKER advanced to slide 6, titled "What HB 63 Accomplishes," which read as follows [original punctuation provided]:

Creates a nine-member Marine Transportation Operations Board

- Marine Highway Director
- 2 members appointed by Speaker of House
- 2 members appointed by Senate President
- 4 members appointed by Governor

Changes reporting of long-range comprehensive plan from every five years to every three years.

MR. CROCKER conveyed that HB 63 would replace the current Alaska Marine Transportation Advisory Board with a smaller, nine-member AMHS Operation's Board. He noted that one of the four members appointed by the governor would be a representative of an Alaska Native organization or tribe who is from a community served by AMHS; another member [appointed by the governor] would represent a maritime union. The bill also requires the commissioner of DOT&PF to incorporate the board's recommendations in a long-range comprehensive transportation plan for the state.

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REPRESENTATIVE TARR sought verification that the reoccurring determination has been that AMHS is not structurally sound. She surmised that the current infrastructure does not allow [the Alaska Marine Transportation Advisory Board] influence over the management and operations, which is "the missing component of transitioning from one [board] to the other."

MR. CROCKER explained that the current board is composed of 12 members who are appointed by the governor. He noted that the appointments are primarily geographical. Additionally, he shared his understanding that the current board's recommendations are not always followed. He conveyed that under CSHB 63(TRA), the new board would be composed of marine

professionals and incorporate the director of AMHS; further, the commissioner of DOT&PF would be required to incorporate their recommendations, which would ultimately, give the new board more authority.

REPRESENTATIVE STORY asked why the effective date is January 1, 2022, instead of July 1, 2021.

MR. CROCKER said [January 1, 2022] would allow an appropriate amount of time to for board [members] to be appointed and to transition.

REPRESENTATIVE STORY inquired about the decision to select the AMHS director [Captain John Falvey] to head the board instead of the commissioner [of DOT&PF].

MR. CROCKER stated his belief that it would be more appropriate to involve the director because he is more intimately involved with the day-to-day operations of AMHS.

[4:02:17 PM](#)

REPRESENTATIVE EASTMAN referred to Section 5 of the bill and inquired about the head of the division of marine transportation's intended participation in the board.

MR. CROCKER said that individual's presence would be required. He explained that the head if the division could not be removed from the board due to lack of attendance unless done so by the governor himself, as that position works for the governor. He added that the exemption in question was a drafting determination by Legislative Legal Services.

MR. CROCKER in response to Representative Eastman's question regarding whether the position could be filled by an authorized designee, said [the bill sponsor] would consider the suggestion.

[4:03:58 PM](#)

REPRESENTATIVE KAUFMAN remarked:

I noticed that there's nothing about continuous improvement - the whole slate of quality management knowledge and understanding that allows organizations to transform without causing undue upset or the negative effects of change.

REPRESENTATIVE KAUFMAN asked whether that would help achieve the bill's mission.

MR. CROCKER answered "absolutely."

CHAIR KREISS-TOMKINS suggested including that in a "Findings and Intent" section.

[4:05:08 PM](#)

REPRESENTATIVE VANCE questioned why the board's title would be changed from the Alaska Marine Transportation Advisory Board to the Alaska Marine Highway Operation's Board.

MR. CROCKER said the title originated from a report by the Alaska Marine Highway Reshaping Work Group.

CHAIR KREISS-TOMKINS expressed his hope that the board would be as empowered as possible. He opined that "operation's board" gives a more "forceful" impression than "advisory board."

REPRESENTATIVE VANCE expressed support for the language [in Section 1 of the bill] that speaks to developing short-term and comprehensive long-range plans for AMHS. Additionally, she inquired about the meaning of the language "who serve at the pleasure of" in Section 3, paragraphs (5) and (6).

MR. CROCKER noted that typically, the board would work at the pleasure of the governor; however, because the presiding officers would appoint [4] board members, those members would work at the pleasure of the speaker of the house and the president of the senate, so they could not be arbitrarily removed.

[4:08:23 PM](#)

CHAIR KREISS-TOMKINS inquired about the current precedents that exist under statute for board and commissioner appointments by presiding officers of either body.

MR. CROCKER said he had asked Legislative Legal Service for an opinion on that matter.

CHAIR KREISS-TOMKINS asked Mr. Crocker to share that information with the committee upon receipt.

[4:09:16 PM](#)

REPRESENTATIVE EASTMAN referred to Section 4, subsection (c), which states that if a vacancy arises on the board, the governor or the presiding officer of either body, as applicable, shall appoint a new person within 30 days. He pointed out that twice in the last several years, the House had been without a speaker for 30 days. He suggested changing that language.

MR. CROCKER acknowledged the point made by Representative Eastman; however, he said the bill sponsor is comfortable with the current language.

REPRESENTATIVE EASTMAN shared his understanding that Section 9 of the bill would repeal the requirement that [at least two] members should be members who are residents of areas not directly served by AMHS. He asked why [those seats] "[are] being taken away."

MR. CROCKER stated his belief that those seats are not being taken away, because nothing in CSHB 63(TRA) would preclude the governor or either presiding officer from appointing a member [who is a resident of areas not directly served by AMHS] if he/she met the requirements.

REPRESENTATIVE EASTMAN opined that there would be value in maintaining that diversity on the board, as the state is subsidizing AMHS. He asked why that requirement is being eliminated.

MR. CROCKER pointed out that geographical appointments from specific areas would be eliminated altogether. He added that the bill enables the governor and presiding officers to appoint from any geographic area. He maintained that if an individual from Willow, Alaska had the appropriate credentials, he/she could still be appointed to the board under CSHB 63(TRA).

[4:12:46 PM](#)

REPRESENTATIVE CLAMAN asked why the head of the division of marine transportation would sit on the board rather than take direction from the board.

MR. CROCKER said that comment has been raised numerous times. He explained that the bill sponsor determined that the director's expertise would be needed. He further noted that the board would make recommendations to the commissioner of DOT&PF instead.

[4:13:43 PM](#)

REPRESENTATIVE KAUFMAN asked what is reported and who it's reported to. Additionally, he questioned how the bill ensures that the board would achieve its mission.

MR. CROCKER said the board would report annually to Senate and House transportation committees. Furthermore, under AS 44.42.050, the commissioner is required to develop a statewide comprehensive intermodal long-range transportation plan for the state. He added that if the bill were to pass, the commissioner would be required to adopt the recommendations of the board into that plan.

REPRESENTATIVE KAUFMAN pointed out that most consider AMHS as critical infrastructure and acknowledge the need for its improvement. He asked whether it would be beneficial to implement a more detailed "progress-reporting structure" in which targets would be identified and tracked to drive and sustain a high rate of improvement.

MR. CROCKER stated that the board can only have so much constitutional authority. He continued to explain that the board cannot have "teeth" to direct DOT&PF, per the advisement of Legislative Legal Services.

CHAIR KREISS-TOMKINS addressed the notion of a public corporation, which is a fully and formally empowered government structure. He expressed his support for that concept even though it's outside the scope of the bill. Nonetheless, he shared his belief that there would be room for a "Findings and Intent" section in CSHB 63(TRA), which could state the legislature's intent for the board to set performance goals.

[4:18:11 PM](#)

REPRESENTATIVE STORY expressed concern about the current effective date of January 1, 2022, adding that she would like to see a product sooner.

MR. CROCKER said [the bill sponsor] would entertain that suggestion.

[4:19:31 PM](#)

CHAIR KREISS-TOMKINS announced that HB 63 was held over.

4:19:39 PM

CHAIR KREISS-TOMKINS provided closing remarks on housekeeping items.

4:21:56 PM

ADJOURNMENT

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 4:21 p.m.